



MEMORANDUM

TO: Steve Spratt, Senior Assistant
Office of the County Manager

FROM: *Corinne Brody*
Corinne Brody, Director
Office of Performance Improvement

DATE: February 5, 2001

SUBJECT: Analysis of Team Metro and
Solid Waste Management
Lot Clearing Costs

Summary

As requested the Office of Performance Improvement (OPI) reviewed projected costs of Team Metro and the Department of Solid Waste Management (DSWM) maintaining County owned vacant lots.

On September 13, 2000 Team Metro issued a memorandum to the County Manager comparing its cost of clearing privately owned lots to the DSWM's cost of clearing County owned vacant lots. The memorandum indicated that Team Metro had cleared 1,154 lots at a cost of \$161,250 and DSWM had cleared 404 lots at a cost of \$1,215,690. However, because of differences in lot sizes and administrative and legal requirements, Team Metro's cost of clearing privately owned lots is not comparable with DSWM's cost for County owned vacant lots. Team Metro incurs higher administrative costs due to legal and administrative processes associated with private lot clearing while DSWM has no such encumbrance and therefore can clear County owned lots on a planned annual schedule. Additionally, County owned lots that have not been maintained for several years require a higher level of effort to clear than an overgrown private lot.

Our review indicated that the initial cost per lot for DSWM to clear County owned vacant lots that were not previously maintained was 19.10 cents per square foot. Team Metro's cost for clearing private lots was 10.18 cents per square foot. However, when projecting the cost for DSWM and Team Metro to maintain County owned lots, DSWM's projected program cost per square foot is lower than the cost proposed by Team Metro. The table below summarizes lot clearing costs by department.

Comparison of Lot Clearing Costs for Team Metro and DSWM
(Cents Per Square Foot)

	Team Metro		Department of Solid Waste Management	
	Private Lots In UMSA Clearing Costs	County Owned Vacant Lots ¹ Proposed FY-01 Maintenance Costs	County Owned Vacant Lots: Actual FY-00 Initial Clearing/Maintenance Costs	County Owned Vacant Lots ¹ Budgeted FY-01 Maintenance Costs
Operating	7.53	2.56	N/A	0.86
Administrative	2.65	0.71	N/A	0.24
Total	10.18	3.27	19.10	1.10

Note:

1. Assumes lots are maintained 9 cycles per year

If Team Metro assumes responsibility for clearing 459 County owned lots, the Department's workload will increase by more than 8 times (65.3 million square feet), thus requiring Team Metro to hire

additional staff. It will cost Team Metro an estimated 3.27 cents per square foot (2.56 cents for operating costs and 0.71 cents for contract management and administration) to clear vacant County lots. By contrast, DSWM budgeted a total of 1.10 cents per square foot to clear County owned lots, including 0.86 cents per square foot for operating expenses and 0.24 cents per square foot for program management.

DSWM's current lot maintenance cost is lower primarily because contract costs and administrative staff requirements are lower than those proposed by Team Metro. Team Metro estimates an administrative staff of six, while DSWM manages the program with a staff of three. Additionally, DSWM contracts with the Community Action Agency/Greater Miami Service Corps (CAA/GMSC) for \$384,000 to provide landscaping services for 400 lots and uses internal resources to maintain the remaining 59 lots and to dispose of solid waste from all lots. Team Metro's proposed operating cost is based on extending existing private landscaping contracts (at a cost of \$1.6 million) to clear County lots. It should be noted that Team Metro's operating cost would be reduced if it took over the CAA/GMSC contract. However, since the CAA/GMSC contract covers only 400 lots, Team Metro would need to make alternate arrangements for maintaining the remaining 59 lots now being maintained by DSWM crews.

We identified the following issues affecting lot clearing operations during our review. First, although the involvement of community based organizations is commendable, because CAA/GMSC has limited landscaping experience it will be necessary to provide significant contract oversight (regardless of who manages the contract). It should also be noted that although lot clearing and landscape maintenance are not core DSWM activities, the Department has developed the capacity to perform these functions, which also complement the Department's Clean and Green program. The County may realize some customer service improvements if the responsibility for vacant lot clearing is assigned to Team Metro, assuming that the Department will be able to respond to customer queries and concerns more quickly. However, it is unlikely that Team Metro would be able to schedule vacant lot clearing to coincide with private lot clearing, due to differences in administrative procedures and logistics between the two functions.

Background

Team Metro clears overgrown privately owned lots in Unincorporated Miami-Dade County (UMSA) that are in violation of the County Code (Code) and have not been cleared by the property owner. Using established legal procedures, Team Metro issues citations for non-compliant properties, levies fines and, where required, prepares remedial packages for the County to clear lots in accordance with Chapter 19 of the Code. The Code specifies how and when the County should clear private lots (vacant or improved) after appropriately notifying the owner(s). The cost of clearing non-compliant lots is charged to the property owner and Team Metro may place liens on properties for overdue payments. The effort required to clear lots depends on the condition of the lot as follows:

- Category 1: Requires little effort and may be maintained using standard landscaping techniques such as tractor mowing, chipping, trimming, weed-eating and light solid waste disposal.
- Category 2: Requires the use of heavier mechanical equipment, such as bulldozers but will also include chipping, trimming and light disposal of solid waste.
- Category 3: Involves loading, hauling and disposal of heavy/bulky waste.

In May 2000 Team Metro contracted with four private firms to provide Categories 1 and 2 lot clearing services for privately owned lots in UMSA. DSWM performs Category 3 waste removal under an interdepartmental agreement signed July 17, 1998 by Team Metro, Public Works and DSWM. The terms of the agreement specify that Team Metro identifies lots that require clearing and provides a remediation package to DSWM. DSWM agrees to respond to Team Metro's requests to load, haul and dispose of Category 3 waste, while Public Works was responsible for billing lot owners and reimbursing DSWM upon receipt of payment. Additionally, Public Works administered the sole contract for Category 1 and 2 lot clearing services in effect at the time. However, in April 2000, Public Works ceased operations under the agreement and transferred its responsibilities to Team Metro. From June 1 through September 30, 2000, Team Metro cleared 706 privately owned lots totaling 2.6 million square feet.

In addition to providing Category 3 lot clearing services to Team Metro, in 1999 DSWM assumed responsibility for clearing County owned vacant lots countywide. Prior to FY 99-00, these lots were not adequately maintained, were overgrown and contained high volumes of illegally dumped waste. At the final budget hearing held on September 24, 1999, the Board of County Commissioners (BCC) approved a supplemental appropriation of \$1,000,000 for increased lot clearing activities. Subsequently, the BCC passed Resolution R-119-00 approving the spending plan to enhance the clearing of County owned vacant lots and to ensure rapid turnaround and quality control. DSWM was required to do whatever was necessary to expeditiously clear, mow and dispose of solid waste from these lots. Unlike Team Metro, DSWM makes no distinction between categories and simply clears vacant County lots on a planned annual schedule. DSWM lot clearing activities include mowing, trimming, laying sod (where necessary) and solid waste removal and disposal. While DSWM must notify Departments having jurisdiction over County owned lots, the notification process is not as elaborate as the one required for privately owned lots. After initially clearing County owned vacant lots, annual maintenance can be done before lots become overgrown.

During FY 99-00, DSWM cleared and maintained 429 County owned vacant lots reported on the *GSA List of Lands* totaling 6.8 million square feet. The number of recorded lots changes frequently as the County acquires and disposes of property. By the beginning of FY 00-01 the number of lots had increased to 459 totaling over 7.2 million square feet. Initially, DSWM used its own staff and equipment to clear overgrowth and remove and dispose of solid waste. Having completed initial clearing, in May 2000 DSWM contracted with CAA/GMSC to provide routine landscape maintenance on County owned lots.

Cost Analysis

Team Metro

Team Metro contracts with four landscaping firms to clear privately owned lots in UMSA. During the period June 1 through September 30, 2000, Team Metro cleared 706 lots (2,600,183 square feet) for a total of \$264,594 or 10.18 cents per square foot. (Table 1) The department is on schedule to clear approximately 7.8 million square feet annually.

Table 1
 Team Metro
 Private Lot Maintenance Costs
 June 1- September 30, 2000

Number of Lots Cleared	706
Equivalent Square Feet	2,600,183
<u>Lot Clearing Costs</u>	
Contract Payments	\$63,853
Salaries, Fringes (Manager, 3 Admin officers and 1 Service Rep)	38,069
Administrative Overhead ¹	12,822
Fuel and Other Operating Expenses	5,000
Vehicle Charges	12,000
Equipment (prorated over 5 years)	1,000
Category 3 waste disposal ²	<u>131,850</u>
Total	<u>\$264,594</u>
<u>Average cost (cents/sq ft)</u>	
Square Footage cleared	2,600,183
Operating Cost (cents/square foot)	7.53
Administrative Cost (cents/square foot)	<u>2.65</u>
Total Costs (cents/square foot)	<u>10.18</u>

Notes:

1. Team Metro estimates overhead is 6% of operating costs.
2. During the period, the DSWM billed Team Metro \$131,850 for Category 3 waste collection and disposal related to these lots.

Total expenditures include payments to contractors totaling \$63,853; \$38,069 in salaries and fringes; and \$131,850 in additional expenses payable to DSWM for Category 3 waste removal. The average cost per square foot is 10.18 cents. This includes operating costs of 7.53 cents and program administrative costs of 2.65 cents.

Team Metro recovers costs for clearing private lots through citations, administrative fees and lot clearing expenses charged to lot owners. On receipt of payments for Category 3 waste removal, Team Metro reimburses DSWM. If Team Metro does not receive payment, a lien may be placed on the property and DSWM will receive no payment until Team Metro is reimbursed. In cases where liens are not paid, costs are usually recoverable when the property changes ownership. As of September 21, 2000, DSWM reported unpaid invoices totaling approximately \$173,000 billed to Team Metro/Public Works for Category 3 lot clearing.

If Team Metro assumes responsibility for clearing County owned vacant lots, the Department will increase its lot clearing workload by approximately 65.3 million square feet, or 8 times the current projected workload. This assumes that County vacant lots will be cleared nine cycles per year, as stipulated in the CAA/GMSC contract. Team Metro estimates that in order to provide this level of service, it will require five additional administrative officers and one clerical position, as well as funding for associated communication, computing and transportation needs. The Department will spend approximately \$2,135,744 to clear vacant lots if the current Team Metro landscaping contracts are extended to include County owned lots, (Table 2). Total cost per square foot is estimated at 3.27 cents, of which administrative costs is 0.71 cents. If Team Metro continues the CAA/GMSC contract, payments will be significantly less than the projected cost of \$1,604,316, which is based on the payment terms of Team Metro's current contracts. Under this arrangement, the Department would pay CAA/GMSC \$384,000 for the first 400 (smaller) lots and then make alternative arrangements to clear the remaining 59 lots recorded on the *List of Lands*.

Table 2
 Team Metro
 Proposed Budget for Clearing County Owned Vacant Lots

Number of County Owned Lots	459
Equivalent Square Footage	7,258,930
<u>Lot Maintenance Costs</u>	
Salaries and Fringe (5 Admin. Officers and 1 Clerk)	\$269,291
Administrative Overhead ¹	105,648
Waste and Landfill Charges	60,000
Heavy Equipment Charges (for waste disposal)	7,888
Fuel and Other Operating Expenses	25,000
Vehicle Charges	60,000
Equipment ²	3,600
Contract Payments ³	<u>1,604,316</u>
Total	<u>\$2,135,744</u>
<u>Average cost (cents/sq foot)⁴</u>	
Square Footage cleared	65,330,370
Operating cost	2.56
Administrative cost	<u>0.71</u>
Total cost	<u>3.27</u>

Notes:

1. Administrative overhead is estimated to be 6% of operating costs.
2. Equipment costs (computers etc.) are spread over five years.
3. Assumes current contracts can be extended at the same cost per square foot.
4. Assumes County lots are cleared nine cycles per year.
 Waste, landfill and heavy equipment charges are estimated to be the same as projected for DSWM.

Department of Solid Waste Management

For a portion of FY 99-00, DSWM cleared County owned vacant lots using internal resources. Prior to FY 99-00, these lots were not adequately maintained, were overgrown and contained high volumes of illegally dumped waste. After completing initial lot clearing, the Department contracted with CAA/GMSC in May 2000 to provide routine maintenance for most of these lots.

The Department spent \$1,294,997 (19.1 cents/square foot) in FY 99-00 for initial clearing and maintenance of 429 vacant county lots totaling 6,781,828 square feet (Table 3). The major costs associated with this initial lot clearing responsibility were waste and landfill charges (\$823,357), salaries (\$258,199) and heavy equipment rental (\$138,143). Additionally, DSWM purchased \$39,397 in landscaping equipment for use by CAA/GMSC that will be returned to the County on termination of the agreement.

Table 3
Department of Solid Waste Management
Actual Costs for Initial Clearing and Maintaining County Owned Vacant Lots
FY 2000¹

Number of Lots	429
Equivalent Square Feet	6,781,828
<u>Lot Clearing and Maintenance Costs</u>	
Salaries and Fringe	\$355,877
Temporary Help (Operations)	97,095
Waste and Landfill Charges	823,357
Landscape Maintenance	22,814
Fuel and Other Operating Expenses	3,073
Heavy Equipment Rental and Fleet Charges	138,143
Minor Equipment Purchase	9,666
Equipment ²	7,879
	1,457,904
Less Cost for DERM Canal Project	(162,907)
Total	<u>\$1,294,997</u>
Average cost (cents/sq ft)	19.10

Notes:

1. DSWM was required to clear overgrown County owned lots that had not been maintained for extended periods. Following this initial clearing effort, the County expects lower lot maintenance costs.
2. DSWM purchased equipment totaling \$39,397 for donation to CAA/GMSC for lot maintenance. Average equipment life is 5 years.

Having completed initial clearing, DSWM expects significantly reduced routine maintenance costs. The Department projected the cost of maintaining 459 lots during FY 00-01 to be \$715,868, (Table 4). CAA/GMSC lacks the resources to manage and operate the heavy equipment needed to clear larger lots. Consequently, DSWM will reimburse CAA/GMSC \$384,000 for maintaining the 400 smaller lots while using internal resources to maintain the larger parcels. The CAA/GMSC contract is initially for a one-year term (with options to renew) and CAA/GMSC will maintain 400 lots across the County, performing 9 cycles per lot per year.

Reduced waste disposal and heavy equipment charges are projected to be \$60,000 and \$7,888 respectively. The DSWM budget provides for three administrative officers to manage the program and a crew consisting of two automotive equipment operators and two waste attendants to clear the remaining 59 lots. Total cost per square foot is budgeted at 1.1 cents, of which administrative expenses are 0.24 cents.

Table 4
 Department of Solid Waste Management
 FY 2001 Budgeted Costs for Maintaining Vacant County Owned Lots

Number of County Owned Lots	459
Equivalent Square Footage	7,258,930
<u>Lot Maintenance Costs</u>	
Direct Salaries and Fringe (2 AEO3 and 2 Waste Attendants)	\$82,228
Administrative Salaries and Fringe (3 Admin. Officers)	75,193
Administrative Overhead ¹	78,679
Waste and Landfill Charges	60,000
Fuel and Other Operating Expenses	20,000
Heavy Equipment Rental and Fleet Charges	7,888
Equipment (donated to CAA/GMSC) ²	7,879
Contract Payments ³	384,000
Total	<u>\$715,868</u>
<u>Average cost (cents/sq ft)⁴</u>	
Square Footage cleared	65,330,370
Operating cost	0.86
Administrative cost	<u>0.24</u>
Total cost/square foot	<u>1.10</u>

Notes:

1. Administrative overhead is estimated to be 14% of operating costs.
2. Equipment costs are spread over five years.
3. Per landscape maintenance contract with CAA/GMSC.
4. Assumes County lots are cleared nine cycles per year as outlined in CAA/GMSC contract.

Findings and Conclusions

It will cost DSWM less than Team Metro to maintain County owned vacant lots, due to both lower administrative and operating costs. If Team Metro takes over responsibility for maintaining County owned lots, its workload will increase more than eightfold. Consequently, it will require additional staff as well as funding for transportation and administrative support. Additionally, if Team Metro uses the CAA/GMSC contract, the Department will need to make alternate arrangements for maintaining the 59 lots now being maintained by DSWM crews.

The Team Metro memorandum to the County Manager dated September 13, 2000 compared lot clearing costs for Team Metro to those for DSWM, reporting Team Metro had cleared 1,154 lots at a cost of \$161,250 and DSWM had cleared 404 lots at a cost of \$1,215,690. Team Metro's actual cost of clearing privately owned lots (10.18 cents per square foot) cannot be compared to DSWM's costs for County owned lots (19.1 cents per square foot for initial clearing and maintenance in FY 99-00 and 1.1 cents per square foot for routine maintenance in FY 00-01) because the workload and administrative and legal requirements differ significantly. Team Metro incurs higher administrative costs because of the mandated legal and administrative processes required before a lot can be cleared, while DSWM clears vacant lots on a planned annual schedule. On the other hand, an overgrown private lot requires much less effort to clear than do vacant lots that were not maintained for several years. It should be noted that DSWM FY 99-00 cost includes laying sod on some lots, an activity not currently done by Team Metro.

During our review, we identified the following issues affecting lot clearing activities. First, while the involvement of community organizations is commendable, it is unclear that CAA/GMSC crews will be

able to satisfactorily clear 400 lots nine cycles per year as specified in the contract. DSWM will need to provide significant oversight and evaluate performance on an ongoing basis to determine if alternate arrangements or new contracts are necessary.

Although lot clearing and landscape maintenance are not core DSWM activities, the Department has built the capability to perform these functions since having been assigned the responsibility. The Department now has the necessary staff and equipment to adequately manage the program, to augment the CAA/GMSC contract and to clear any new lots added to the *List of Lands*. Further, keeping lots well maintained across the County complements the Department's Clean and Green program. (If Team Metro assumes responsibility for County owned lots, there should be no adverse effects on the Clean and Green program as long as lots are cleared on schedule.)

Team Metro has indicated the County might realize some customer services improvements by assigning County owned vacant lot clearing to the Department, as this would allow its staff to respond to public queries and complaints without the need for referrals to DSWM. Additionally, a single department might be able to schedule vacant lot clearing to coincide with private lot clearing to maintain a level of uniformity. However, we recognize that the differences in administrative processes and the logistics associated with managing the contracts make it difficult to coordinate scheduling for the two functions. Even if a single department manages both contracts, operationally they will function as distinct programs.

Finally, during our review we noted that Team Metro does not reimburse DSWM for removal of solid waste from privately owned lots until the property owner pays Team Metro. Since property owners do not always make payments in a timely manner, DSWM's receivables for solid waste removals are increasing. Consequently, we recommend that the reimbursement mechanism be reviewed.

- c: Alina Tejeda Hudak, Senior Assistant to County Manager
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